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Van Woerkom's bill protecting research jobs approved by Senate Finance Committee

LANSING — State Sen. Gerald Van Woerkom, R-Norton Shores, today announced that the Senate Committee on Finance approved his legislation removing specific federal and state research grants from the base of the Single Business Tax.

“This legislation encourages business innovation, instead of discouraging it through taxation,” Van Woerkom said. “We need to bring more job opportunities to our residents and this is a step in the right direction.”

Senate Bill 1116 removes the grants from the SBT base in order to increase the prospect that such grants would result in new technologies and jobs for Michigan residents.

Small firms working with local projects such as the Smart Park in Muskegon and the Kitchen Incubator in Oceana County on innovation are well suited to benefit from this legislation.

Currently, a number of smaller firms receive federal grants to develop software or technologies that would later be of commercial value. The grants are rewarded in phases. Typically, Phase I grants total \$100,000 and are more exploratory, while Phase II grants totaling \$500,000 are usually more focused and involve the development of business plans and private sector investment.

In addition to the federal grants, the state of Michigan has established grants under the emerging business fund managed by the Michigan Economic Development Corporation.

“These grants are intended to foster technology development and create new jobs,” Van Woerkom said. “Instead, companies are penalized and forced to pay taxes on grants they receive. This just makes no sense.”

SB 1116 is expected to come before the full Senate for consideration later this month.

“In order to make Michigan more competitive we need to make sure business growth is supported and that there are incentives for companies to expand,” Van Woerkom said. “The existing tax policy is counter-productive. The future of Michigan’s economy could be smothered under the pressure of unnecessary taxation.”

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